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# Barriers to Women's Micro and Small Enterprise Success in Turkey

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## **Introduction**

Evidence shows that in Turkey the number of women entrepreneurs of micro and small enterprises (MSEs) compared to men entrepreneurs is drastically low. Even though, recently, the number of women entrepreneurs has been growing at a faster rate than men entrepreneurs, the share of women entrepreneurs is only 14% in total and 8% in the urban areas.

The share of women entrepreneurs as a percentage of female employment in general shows that there is an extremely lower probability for women than for men of becoming an entrepreneur. The share of women entrepreneurs represent only 13.1% of the women workforce compared to 35.4% for men. Based on the study undertaken on the nature and scope of constraints and barriers women entrepreneurs face while starting and/or expanding their MSEs, this paper aims to set out policy suggestions to enhance the entrepreneurial potential of women in Turkey.

## **Background and current situation**

Until 1990s women's entrepreneurship in Turkey did not draw sufficient consideration both from governmental and non-governmental organizations. Public and professional organizations that target the promotion of MSEs as an appropriate strategy for national development has almost always targetted men, better-off firms and certain sectors like manufacturing where men predominate. With the recent economic crises and the consequent rise in unemployment there is a growing interest in the MSEs in general and women entrepreneurship in particular, as an alternative to unemployment and poverty. Following the crisis of 2001, unemployment has grown rapidly reaching to 10% in total and 13% in the urban areas. Furthermore, the total labor force participation rate has fallen below 50%, indicating a high share of discouraged workers. The unemployment numbers for women have been even more discouraging. The female unemployment figures in the first half of 2003 in the urban areas reached to 17.5%.

## **Objectives**

The objectives of the policy proposals included in this paper are:

- to improve status of women
- to broaden women's career choices
- to provide women and girls with equal access to training
- to develop a gender sensitive environment in the MSE sector

## **Key issues**

Maintaining equal opportunities for women and men is a precondition for a just society. Encouraging the participation of women in self-employment will not only increase women's autonomy, but will also allow them to play a more active role in the society. Furthermore, self-employment generates employment and enhances income opportunities for the household.

## **Assessments of alternatives**

The alternative to a substantial action program would most likely be the continuation of the current situation, and in particular

- increase in women's unemployment
- continued obstruction of women into business
- continued occupational segregation by gender

## **Proposed action**

### ***Reforming the institutions***

- Women entrepreneurs face constraints at every stage of their business. Thus, support mechanisms are essential for promoting women in entrepreneurship. The government agency responsible for women's affairs, the KSSGM (Directorate General on the Status and Problems of Women), is a temporary agency without a permanent status. The status of the KSSGM should be strengthened to be able to serve as a public agency in establishing and implementing programs for promoting women into business.

- Business environment, as well as the professional business associations, are extremely male-dominated in Turkey. Organizational cultures, administrative policies and attitudes and perceptions of their staff often affect women's ability to participate in entrepreneurial activities adversely. It is, thus, necessary to engage those institutions into organizational restructuring and redesigning of their policies in order to respond to the needs of their women members.

- KOSGEB (Small and Medium Industry Development Organization) is an organization under the Ministry of Trade and Industry providing technical, managerial and marketing support to SMEs (Small- and Medium-Sized Enterprises). KOSGEB has international links and benefits from the information network of the EU. GAP-GIDEM (Entrepreneur Support and Guidance Centers) offers business support services in the Southeastern Turkey. Their scope and outreach should be expanded to include the promotion of women into entrepreneurship,

### ***Adjusting the legal system***

- Red tape and sophisticated application procedures necessary for establishing an MSE should be simplified.

### ***Training and counselling services***

Training and counselling are key to fostering entrepreneurship among women. Research indicates that a high percentage of women have no occupational background or professional experience. Furthermore, women face difficulties in participating on training courses alongside men or away from home.

- A network should be established for providing and sharing information, curricula and training materials.

- The needs, wants and requirements of women entrepreneurs should be taken into account when organising training and counselling services. Past experiences of women's organizations should be utilized in designing best practices.
- Mentoring is an effective teaching method. Successful women entrepreneurs can mentor new starters.
- Training programs for women and girls on non-traditional occupations should be established.
- Special training programs should be designed for women that are deciding to make a transition from waged-work to entrepreneurship.

### ***Removing financial obstacles***

- All over the world, for the last three decades, numerous micro-credit and micro-enterprise assistance programs have provided financial and non-financial services to the MSE entrepreneurs. Some were successful, others resulted in increasing poverty and were seriously disempowering. Micro finance programs differ in their lending schemes, target groups, service delivery. They should be designed according to the needs of the target group and social and economic environment.
- Banks should be urged to apply incentive programs for women entrepreneurs.

### ***Timing***

Turkey is a candidate country for European Union (EU) and is rapidly progressing in the adaptation of its legal and regulatory framework to the system of the EU. Currently, governmental institutions as well as the professional institutions are undergoing through a restructuring process and retraining their personnel accordingly. It follows that the action could be taken without delay as these changes are taking place.

### ***Financial impact***

Training and counselling services can be covered by the EU funding.

### ***Communications***

The policy measures proposed in this study imply changes in the gender distribution of the working population and involves state intervention. The success of the implementation depends largely on raising the awareness of the public in general and the business environment in particular. Public awareness could be raised by means of the press and media.